

MEMORANDUM

TO: Commissioner, Deputy Commissioner, General Counsel,
Division Directors, Policy Analysts and Staff Attorneys

FROM: Leo V. Clark, Business Manager

DATE: October 15, 2007

SUBJECT: 2008 Interest Rate

The average prime loan rate charged by banks (as determined by the Board of Governors of the Federal Reserve System) for the 12-month period beginning October 1, 2006 and ending September 30, 2007 was 8.23167%. Rounded up to the nearest whole percent, the annual rate for 2008 would be 9.0%. When converted to a monthly rate, as required for computer purposes, the result is 0.75% per month.

The law allows us to round this monthly rate up to the nearest whole tenth of a percent, giving us a rate of 0.8% per month. Therefore, the **2008 interest rate** established by the Commissioner, as required in 32 V.S.A. §3108(a), is **0.8% per month or an annual rate of 9.6%**.

Tax bills prepared on January 1, 2008 and thereafter for calendar year 2008 should bear an annual interest rate of 9.6% or a monthly rate of 0.8%.

_____ Date	APPROVED: _____ Tom Pelham Commissioner of Taxes
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